GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1824
ANSWERED ON:07.03.2000
INVESTMENT IN DRUG AND CHEMICALS BY MNC`S
HARIBHAI PARTHIBHAI CHAUDHARY

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the details of Government policies in regard to investment by the multinational companies in drug and chemicals sector;

(b) the details of policy change in this regard;

(c) whether the Government have received any proposal from multinational companies for investment in drug and chemicals sector;

(d) if so, the details thereof, company-wise; and

(e) the present status of these proposals?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI RAMESH BAIS)
(a) & (b)
Details are given in the annexure.
(c) to (e) The receipt of proposals for foreign collaboration is an on going process. The proposals are considered by Foreign Investment Promotion Board (FIPB) in consultation with the administrative ministry concerned.During the period from August, 1991 to December, 1999 Government has approved 1489 proposals, both technical and financial, in Chemicals (other than fertilisers) sector envisaging foreign direct investment of Rs 120405.84 million and 351 proposals both technical and financial, in Drugs & Pharma sector envisaging foreign direct investment of Rs 8817.61 million. This includes investment made by multinational companies in these sectors.
The details of such proposals, namely, name and country of foreign collaborator, percentage of equity, item of manufacture/ activity and location of the project are published by Department of Industrial Policy and Promotion in their monthly publication, namely, `SIA Newsletter` which is widely circulated including to the Parliament Library.

Annexure
Annexure referred to in reply to the parts (a) and (b) of the Lok Sabha Unstarred question No. 1824 for reply on 7-3-2000
In the Chemicals sector, foreign equity up to 51% is permitted under the automatic route in the case of proposals for manufacture of industrial organic and inorganic chemicals, manufacture of Pesticides (excluding fertilizers), manufacture of paints, varnishes & related products, artist`s colour and ink, manufacture of chemical products not else where covered. In addition, higher level of foreign equity is considered in cases of special requirements and merits of each case.
In the case of Pharmaceuticals sector foreign equity up to 74% is permitted under the automatic route in the case of bulk drugs, their intermediates and formulations (except those produced by the use of recombinant DNA technology). Foreign equity above 74% for manufacture of bulk drugs is considered on a case to case basis for manufacture of bulk drugs from basic stages and their intermediates and bulk drugs produced by the use of recombinant DNA technology as well as specific cell/tissue targeted formulations.